

Message Text

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15

ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 AID-05 CIAE-00 COME-00 FRB-03

INR-07 NSAE-00 TRSE-00 XMB-02 OPIC-03 SP-02 CIEP-01

LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-01 CEA-01 L-02

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FM AMEMBASSY MANAGUA

TO SECSTATE WASHDC 6538

C O N F I D E N T I A L MANAGUA 1145

EO 11652: GDS

TAGS: ETRD, EAGR, NU

SUBJECT: SUGAR: LATIN AMERICAN PRODUCERS MEETING AT
PUERTO PLATA

REF STATE 061168

1. WE DISCUSSED LA SUGAR PRODUCERS MEETING AT PUERTO PLATA,
DR, WITH MINISTER OF AGRICULTURE SENGELMANN AND THE MANAGER
OF SOMOZA SUGAR INTERESTS, FAUSTO AMADOR.

2. SENGELMANN SAID GON TRADITIONALLY HAS OPPOSED PRODUCERS
CARTELS (E.G. IN COFFEE) AND HE RECOGNIZED DANGER OF ATTEMPTING
TO DEVISE MECHANISM TO PROTECT CURRENT HIGH SUGAR PRICES.
HE SAID HE WOULD CONVEY THIS GOVERNMENT ATTITUDE TO THE
PRODUCERS.

3. AMADOR SAID PRODUCERS HERE HAVE NOT YET RECEIVED
THE AGENDA FOR THE PUERTO PLATA MEETING AND THAT HE WOULD
GIVE US A COPY WHEN IT ARRIVED. NICARAGUAN PRODUCERS ARE
SEEKING DIRECT LONG-TERM CONTRACTS WITH LARGE USERS IN U.S.,
PARTICULARLY SOFT DRINK COMPANIES. THEY ARE PROPOSING A
FIVE YEAR CONTRACT WITH MINIMUM PRICE OF \$0.17 A POUND WITH
PRODUCERS BEING PAID 40 PERCENT OF THE DIFFERENCE BETWEEN
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THIS PRICE AND HIGHER WORLD PRICES WHEN THIS OCCURS.

HE ADDED THT PRODUCTION OF NICARAGUAN SUGAR WILL INCREASE
20 PERCENT FOR THE 1975/76 CROP AND THE 1976/77 CROP WILL
BE 60 PERCENT HIGHER THAN THIS YEAR. PRODUCERS WERE WELL
AWARE, HE STATED, OF THE PROBLEM OF SUBSTITUTES, INCREASED
PRODUCTION, AND DECREASED DEMAND BROUGHT ABOUT BY HIGH
SUGAR PRICES AND ARE NOT SYMPATHETIC TO ARTIFICIAL
MECHANISMS TO MAINTAIN EXCESSIVE PRICES.
SHELTON

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NNN

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